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30 APR 1977

Dear Sirs:

I would like to correct some of the impressions that your readers might have received from the editorial of April 26 entitled, "The CIA and the oil shortage."

The editorial stated that "it came as a shock" that the CIA had "moved into the tricky art of estimating international oil and gas reserves." In fact the CIA report on the "International Energy Situation" did not estimate the size of world oil and gas reserves but rather projected oil demand and supply to 1985. Also, it should not be a "shock" that CIA is involved in the strategic considerations of the world energy situation as part of its intelligence mission. The Central Intelligence Agency has been studying international energy problems since its establishment some 30 years ago. Originally the concentration was on communist nations, but as the world energy shortage and higher prices developed in the 1970's our analytical work in this area was extended to cover other parts of the world. We would be derelict if we did not do so.

CIA's role in analyzing world energy trends is well known by U.S. industry, the trade press, and international agencies concerned with this subject. Indeed, every other week the CIA issues a widely distributed, unclassified statistical survey, "International Oil Developments," (attached) through the Document Expediting Project of the Library of Congress.

It is simply not true that the CIA analysis is "almost alone." Most private and institutional projections of energy supply and demand are quite pessimistic, and in light of our analysis of the USSR and China situations we would expect them to evidence greater pessimism.

We take exception to the remark that CIA has a "tattered credibility" and is "an easy mark for White House manipulation." Our analysts jealously protect their objectivity and neither they nor I would accept manipulation, from any source, including the White House. There is no evidence to the contrary.

I am concerned that at a time I am trying to make as much of our material available to the public as possible you raise the question of motives and credibility. The public should have as much objective information as possible on issues such as the energy situation, and we will continue to declassify such reports on a variety of subjects whenever possible.

/s/ Stansfield Turner

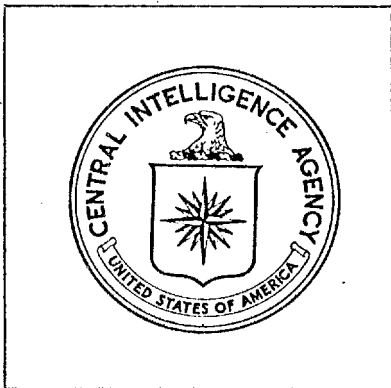
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Letters to the Editor
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ATTACHMENT - oil report

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International Oil Developments

STATISTICAL SURVEY

Prepared by

The Office of Economic Research

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The CIA and the oil shortage

As President Carter has acknowledged, a lot of Americans don't believe in the energy crisis. They think the wolf at the door is phony.

What, then, the President was asked at his press conference April 15, might "jar the consciousness" of skeptics? Well, he said, "the CIA has just completed this week a long and detailed analysis of international oil supplies, natural gas supplies," which he found "quite alarming."

His ensuing decision to declassify and share that report with the American public is not the least interesting feature of last week's consciousness-raising sessions on energy.

It came as a shock, in fact, to most of us that the CIA had moved into the tricky art of estimating international oil and gas reserves. It might be expected, of course, that CIA analysts would take a professional interest in the *strategic implications* of a contest for oil; and if the CIA is right such a contest might be in the offing. But, is the agency right? Almost alone, it appears, the CIA declares that the Soviet oil industry is "in trouble," that its oil production "will soon peak, possibly as early as next year," that by the mid-1980s the Soviet Union will become a net importer of oil, and thus perhaps a competitor for the oil wealth of the Middle East. Almost alone, again, it predicts a net shortage of oil by 1985.

These predictions, with their ominous implication that the problems of the Middle East might be complicated by East-West oil competition, are, if warranted, of the most startling strategic significance. But, are they true? Or rather, are they authoritative enough to form the basis of a major overhaul of American energy policy?

The predictions are not documented. The White House would say only that the CIA made use of studies by other public agencies; but none of these studies, we are told, is nearly so gloomy about Soviet oil production. And others — for instance, a United Nations study released early this week — flatly discount the CIA's conclusions.

It is at least a timely coincidence that a CIA analysis, said to have been ordered last year, should become available just as the President took his case for conservation to the public. If, as Mr. Carter said, the report was "just completed" it could hardly have been the basis of his energy-saving policy proposals, since they

presumably have been on the drawing boards for many weeks.

Considering all these puzzles, a lot of people are wondering why the CIA's authority (at least, the authority of its name, such as it is) should be invoked. When last we noticed, the CIA suffered from perhaps as much public skepticism as the energy crisis. And one source of its somewhat tattered credibility, according to every recent study, is that in years past the CIA became an easy mark for White House manipulation.

The "CIA says" approach to the world oil crunch, in view of the many conflicting assessments from other sources, may not do much for CIA credibility and its reputation for independence. We do not, for our part, conclude out of hand that the President's invocation of CIA authority is calculatedly "political." We do question the wisdom of using an apparently undocumented intelligence analysis in this fashion.

The natural assumption, we suppose, is that when the CIA does not name the sources of its alarm about a mid-1980s world energy crunch, those sources are confidential. And if so, do not the usual objections to possibly compromising leaks of CIA estimates apply? If, on the other hand, the report merely echoes — with highly disputable worst-case conclusions superadded — already published and publicly available analyses by other hands, what is the point of dragging in the CIA? Does that not raise fears of a return to the bad old days in which the intelligence professionals were suborned and compromised by executive manipulation?

To raise these questions, we hasten to add, is not to question the seriousness of the energy shortfall that forms the premise of the President's warnings. If the coming world shortage is as severe as the CIA report suggests, it will be irrelevant whether the Soviet Union continues to be a marginal exporter, or becomes a marginal importer, of oil in the 1980s. Indeed, one key point in the CIA analysis is that much will depend on the production and export policies of Saudi Arabia.

The immediate American problem is our ungovernable thirst for imported oil, and the need to get it under control. Even a looming strategic rivalry for Middle Eastern oil is, for present purposes, a sideshow: an ominous one, perhaps, but a sideshow all the same.